

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7359

BILL NUMBER: HB 1260

NOTE PREPARED: Jan 8, 2011

BILL AMENDED:

SUBJECT: School Corporation Health Insurance.

FIRST AUTHOR: Rep. Dermody

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill specifies certain requirements and recommendations for school corporation employee health coverage programs.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The bill establishes the School Corporation Health Coverage Fund. If a school corporation's employer's share of health insurance cost is 10% or more of what the employer cost would be under of the state health plan the employer would have to deposit the difference into the fund. The fund would then distribute the fund's revenue to schools whose employers' health insurance costs are less than 10% more than the state's employer health insurance costs. The Department of Education would make the distribution to local schools. Schools with costs greater than 10% of the state's health insurance cost would have increase expenditures and schools with costs less than 10% more than the state insurance costs would have increases in revenue.

If the school's employer health insurance costs were more than 10% of the state health insurance cost for the same plan, the school could not assess the employee and would have to pay the excess from tuition support revenue. The school would also be required to join the state health insurance plan. School corporations with less than 100 employees must join a consortium or trust of school corporations or join the state plan.

The impact on the state health insurance plan would depend on the health experience of the school employees added to the plan relative to the experience of state employees. If school employees had a greater incidence of health claims than state employees, the state cost of the state employee health plan could increase, and if school employees had a lower incidence, then the state cost could decrease.

Total insurance cost of schools and school employees is about \$1.4 B annually.

Explanation of State Revenues:

Explanation of Local Expenditures: *See Explanation of State Expenditures.*

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local Schools.

Information Sources: *Analysis of Health Insurance Benefits for Public Employees*, Mercer Health & Benefits LLC, 312-912-9900.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.